

July 14, 2023

RE: FDIC Special Assessments

I am writing in response to the FDIC's request for comment regarding the proposal to exempt community banks under \$5 billion from the special assessment following the systemic risk determinations announced after the failures of SVB and SBNY. I am President & CEO of PriorityOne Bank headquartered in Magee, Mississippi, with just over \$1 billion in assets, primarily serving the needs of small communities along the Highway 49 corridor with branches as far south as Hattiesburg, MS and as far north as Ridgeland, Mississippi.

I applaud the FDIC's decision to exempt community banks with fewer than \$5 billion in assets from paying any special assessment for the large bank failures of SVB and SBNY, and I encourage the FDIC to finalize its rule as proposed. As you have recognized, community banks have a much different business model from the 113 large banking organizations that hold large amounts of uninsured deposits. Currently our level of uninsured deposits is approximately 16% without considering those that would also be covered under joint accounts or ICS deposits. This is a stark difference from the 90% plus of uninsured deposits at the two banks mentioned above. The banks that are taking this level of risk should be the ones paying for the special assessment since that is the business model they have chosen. Community Banks operate a much safer and sound business model which does not carry this high level of risk or exposure for the FDIC fund.

If this special assessment were to be applied to my bank, it would have a negative impact on our earnings, which would also negatively impact our capital and our ability to loan more money in the communities that we serve. Also, we would most likely be forced to pass on the higher assessment costs to customers who are least able to afford it. It is extremely important to our customers that our bank's deposits remain available for us to invest and redeploy into our local community and not serve as a bailout for the reckless practices of large systemically critical banks.

PriorityOne Bank thanks the FDIC for the opportunity to submit comments on the proposed special assessment and further thanks the FDIC for exempting banks with less than \$5 billion in assets Thank you for your time and consideration.

Sincerely,

  
ROBERT J. BARNES  
President & CEO, PRIORITYONE BANK